

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

May 16, 2007

TO: Honorable Steve Ogden, Chair, Senate Committee on Finance

FROM: John S. O'Brien, Director, Legislative Budget Board

IN RE: **HB14** by Keffer, Jim (Relating to reorganizing certain state institutions that provide financing for cancer research, including creating the Cancer Prevention and Research Institute of Texas, and information about certain cancer treatments; granting authority to issue bonds.), **As Engrossed**

Estimated Two-year Net Impact to General Revenue Related Funds for HB14, As Engrossed: a negative impact of (\$56,797,732) through the biennium ending August 31, 2009.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2008	(\$10,654,110)
2009	(\$46,143,622)
2010	(\$75,552,868)
2011	(\$104,165,240)
2012	(\$132,052,783)

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from GENERAL REVENUE FUND 1	Probable Revenue Gain from New General Revenue Dedicated Cancer Prevention and Research Fund	Probable (Cost) from BOND PROCEED-GEN OBLIGAT 780
2008	(\$10,654,110)	\$300,000,000	(\$300,000,000)
2009	(\$46,143,622)	\$300,000,000	(\$300,000,000)
2010	(\$75,552,868)	\$300,000,000	(\$300,000,000)
2011	(\$104,165,240)	\$300,000,000	(\$300,000,000)
2012	(\$132,052,783)	\$300,000,000	(\$300,000,000)

Fiscal Analysis

The bill establishes the Cancer Prevention and Research Institute of Texas (institute), the Cancer Prevention and Research Institute of Texas Oversight Committee (oversight committee) and the Cancer Prevention and Research Institute of Texas Scientific Prevention and Research Committee (research committee). The bill authorizes the institute to make grants to institutions of learning and to advanced medical research facilities for the purpose of medical research in the prevention and cure of cancer and to expand research capabilities of institutions of higher education and other public or private entities that will promote an increase in cancer research and in the creation of high-quality new

jobs.

The bill authorizes the institute to employ an executive director and employ staff.

The bill creates the General Revenue-Dedicated Cancer Prevention and Research Fund which may consist of bond proceeds, patent, royalty, and license fees, interest, and amounts appropriated by the legislature. Authorized uses of the fund are for grants for cancer research and cancer research facilities, laboratory facilities, and operation costs of the institute. The bill authorizes the Texas Public Finance Authority (TPFA) to issue up to \$300 million in general obligation bonds per fiscal year for the purpose of providing funds to establish the Cancer Prevention and Research Fund. The bill prohibits TPFA from issuing these general obligation bonds before January 1, 2008.

The bill prohibits the oversight committee from making more than \$300 million in grant awards per fiscal year and from making any grant awards before January 1, 2008.

The bill reorganizes the Texas Cancer Council into the Cancer Prevention and Research Institute of Texas and transfers all unspent and unobligated appropriations to the institute.

Methodology

This analysis assumes the issuance of \$300 million in general obligation bond annually beginning January 1, 2008. General Revenue costs reflect amounts necessary for TPFA to pay debt service on a \$300 million general obligation bond issuance per fiscal year. The negative fiscal impact of \$56,797,732 during the 2008-09 biennium reflects debt service payments for \$300 million in general obligation bonds issued January 1, 2008 and \$300 million issued beginning fiscal year 2009.

It is estimated that \$6,625,220 in all funds and 7 full-time employees appropriated in House Bill 1 as Engrossed, or the remaining amount of this appropriation as of December 1, 2007, will be transferred from the Texas Cancer Council to the Cancer Prevention and Research Institute to perform the duties associated with the institute for the 2008-09 biennium. Costs associated with the operation of the institute beginning 2010 will be covered by the annual \$300 million in bond proceed amounts deposited to the Cancer Prevention and Research Fund.

The bill would do one or more of the following: create or recreate a dedicated account in the General Revenue Fund, create or recreate a special or trust fund either with or outside of the Treasury, or create a dedicated revenue source. Therefore the fund, account, or revenue dedication included in the bill would be subject to funds consolidation review by the current Legislature.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 527 Cancer Council, 301 Office of the Governor, 304 Comptroller of Public Accounts, 347 Public Finance Authority, 601 Department of Transportation

LBB Staff: JOB, CT, CL, MS, SMi